



Reporting Item

BOARD OF DIRECTORS

August 16, 2022

ITEM

Customer Trends, Energy Burden and Customer Assistance Program Pilot

PURPOSE

To provide an update on customer trends and energy burden solutions such as the new Customer Assistance Program (CAP) pilot.

FACTS

1. The Board requested that management provide regular reports on the progress of customer programs and trends.
2. Management will provide an update on aged debt, related trends, and energy burden solutions as of July 31, 2022.
3. The Customer Assistance Program (CAP) pilot will provide financial assistance in the form of a monthly bill credit and is designed to reduce an eligible and approved customer's electric burden to a more affordable level, prevent service loss, and the threat of disconnection. The pilot is scheduled to begin on August 16, 2022 and will end on December 31, 2025.

RECOMMENDED:

DocuSigned by:

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Timothy McAreavey
Vice President – Customer Service

APPROVED FOR REPORTING TO BOARD:

DocuSigned by:

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L. Javier Fernandez
President and Chief Executive Officer

TM:dm



Customer Trends, Energy Burden, and Customer Assistance Program Pilot

Presented to OPPD's Board of Directors
by Donna Miner, Manager of Customer Operations
and Britton Gabel, Manager of Advocacy Solutions
on August 16, 2022



Customer Trends

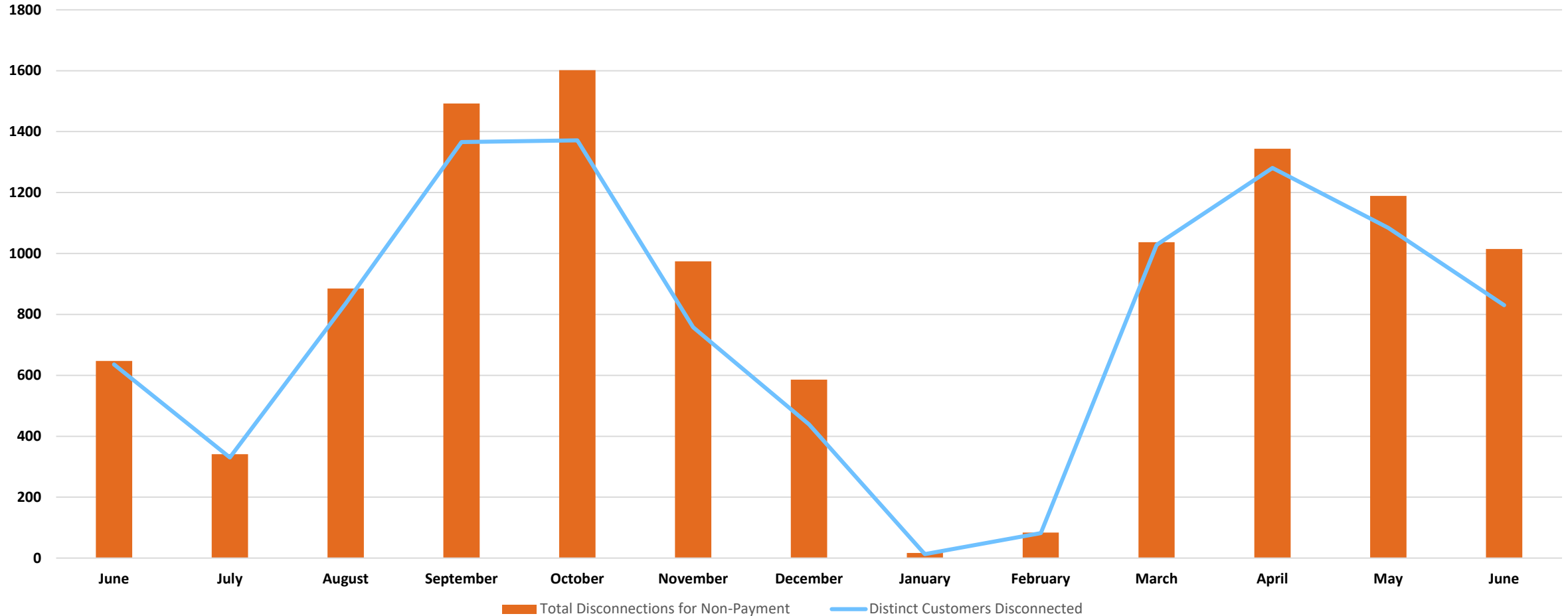


Summary of Aged Debt

	Residential			LIHEAP Only Accounts		
	July 2022	June 2022	July 2021	July 2022	June 2022	July 2021
% of Accounts Current	90.1%	90.4%	89.8%	76.8%	78.2%	69.6%
% of Accounts in Arrears	9.9%	9.6%	10.2%	23.2%	21.8%	30.4%
Total Aged Debt > 30 days (in millions)	\$5.4	\$4.8	\$5.7	\$0.5	\$0.5	\$0.8
Total Aged Debt 91+ Days (in millions)	\$0.6	\$0.7	\$0.7	\$0.8	\$0.2	\$0.1
Total Service Agreement Count > 30 Days (in thousands)	37.4	36.5	32.9	2.8	2.6	4.4
Total Service Agreement Count > 91+ Days (in thousands)	6.4	6.7	6.7	0.7	0.8	1.2

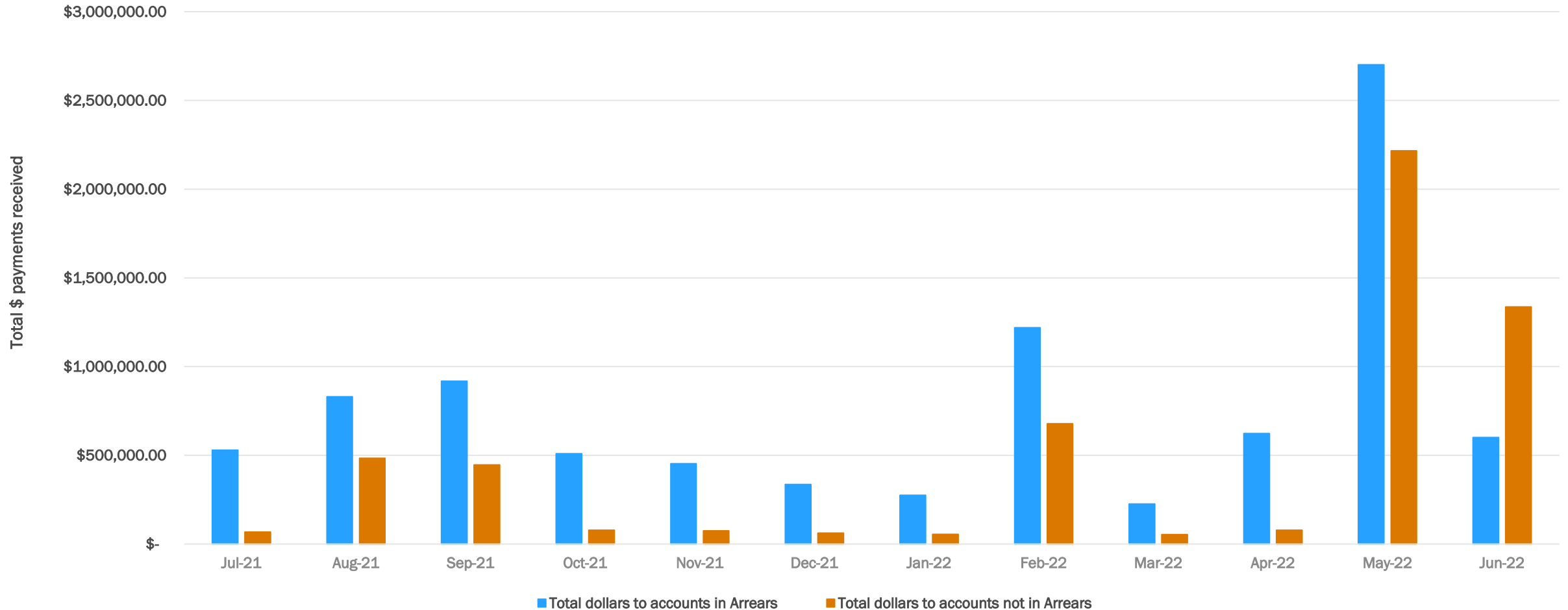
Total Disconnects for Non-Pay vs. Number of Distinct Customers Disconnected

June 2021 - June 2022



Impact of Assistance – Arrears

EA Dollars to Accounts in Arrears vs Not in Arrears





Energy Burden Solutions Project



Problem Statement and Goals

Problem Statement:

- Customers that have a higher percentage of their income going towards their utility bills are limited to short-term assistance funds to help pay their bill while long-term solutions to reduce their energy burden and prevent utility disruption are lacking.

Goals:

- Reduce the electric energy burden for the customer segment(s) that have high bills compared to their income.
- Solution will be easily accessible for all eligible Customers.
- Develop an innovative and strategic way to report on customers' electric energy burden and what OPPD is doing to reduce it.
- Reduction in credit and collection related operating expenses.

Research and Outreach



- Understand best practices, customer values and goals
- Learn what factors are driving customer's high electric energy burden
- Test product ideas that resonate most with customers

What is Energy Burden?

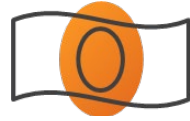
- The percentage of gross household income spent on energy costs
 - Annual energy bill divided by the household annual income (e.g.: $\$1,500/\$50,000 = 3\%$ energy burden)
 - Nationwide averages: high energy burden is above 6% and severe energy burden above 10%
- Annual energy bills include electricity, natural gas, and other heating fuels
 - The efforts of this project focus on the **electric portion** of a customer's energy burden
 - OPPD's average electric energy burden is 1.83%
 - OPPD customers with an electric burden greater than 4.26% are considered having a high electric burden

Drivers of Energy Burden



Physical

- Inefficient and/or poorly maintained HVAC systems
- Heating system and fuel type
- Poor insulation, leaky roofs and inadequate air sealing
- Inefficient large-scale appliances and lighting sources
- Weather extremes that raise the need for heating and cooling



Economic

- Inability or difficulty affording up-front costs of energy efficiency investments or qualifying for financing options
- Sudden economic hardship (e.g. severe health event or unemployment)
- Chronic hardship due to persistent low income



Policy

- Insufficient or inaccessible policies and programs for bill assistance, weatherization, energy efficiency and more
- Rate design may affect consumers ability to reduce utility costs

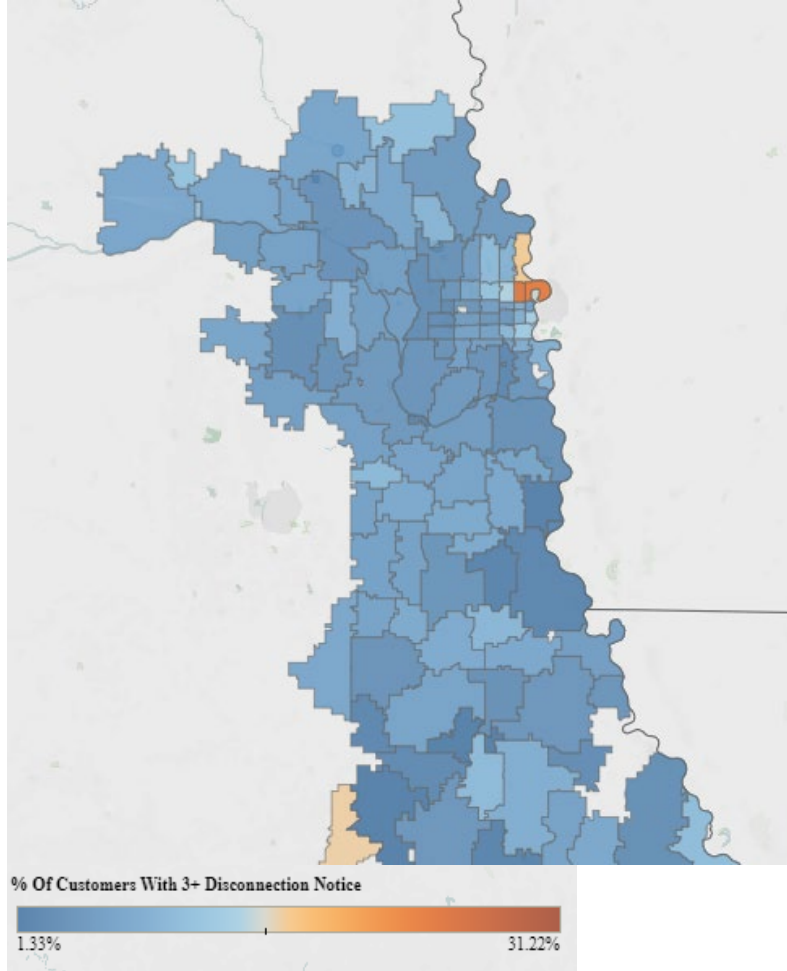


Behavioral

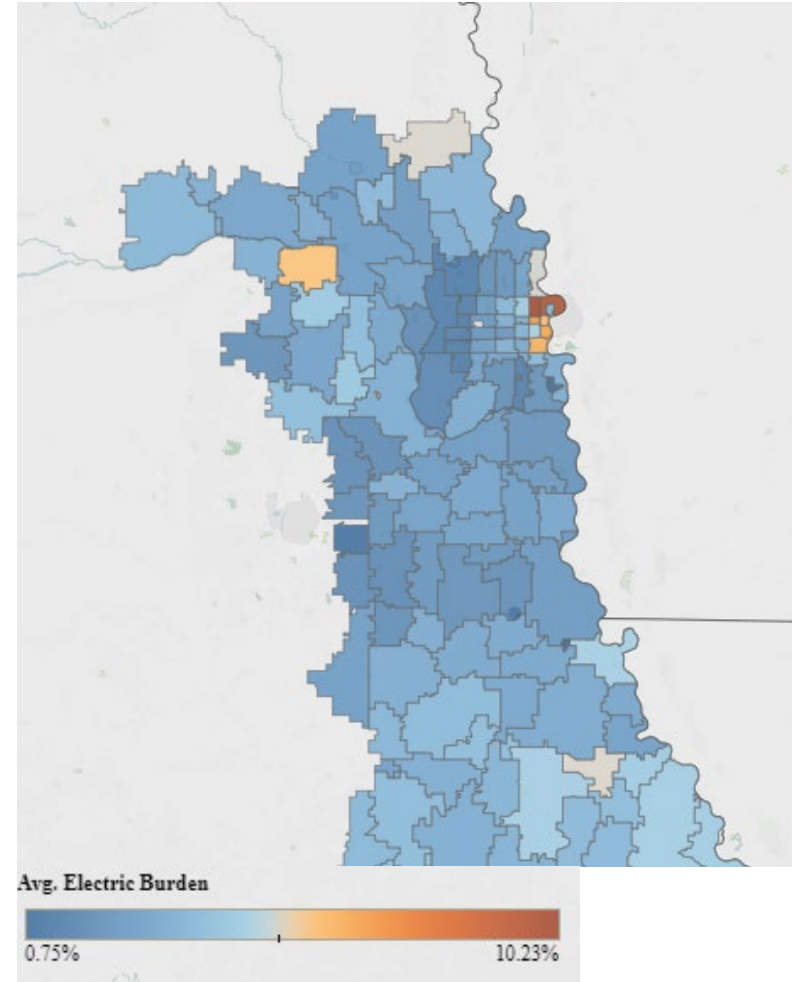
- Increased energy use due to age, household occupancy or disability
- Lack of knowledge about energy conservation measures
- Lack of trust towards necessary investments
- Barriers to information about bill assistance or energy efficiency programs

Affordability Indicators

Percent of Customers with 3+ Disconnect Notices

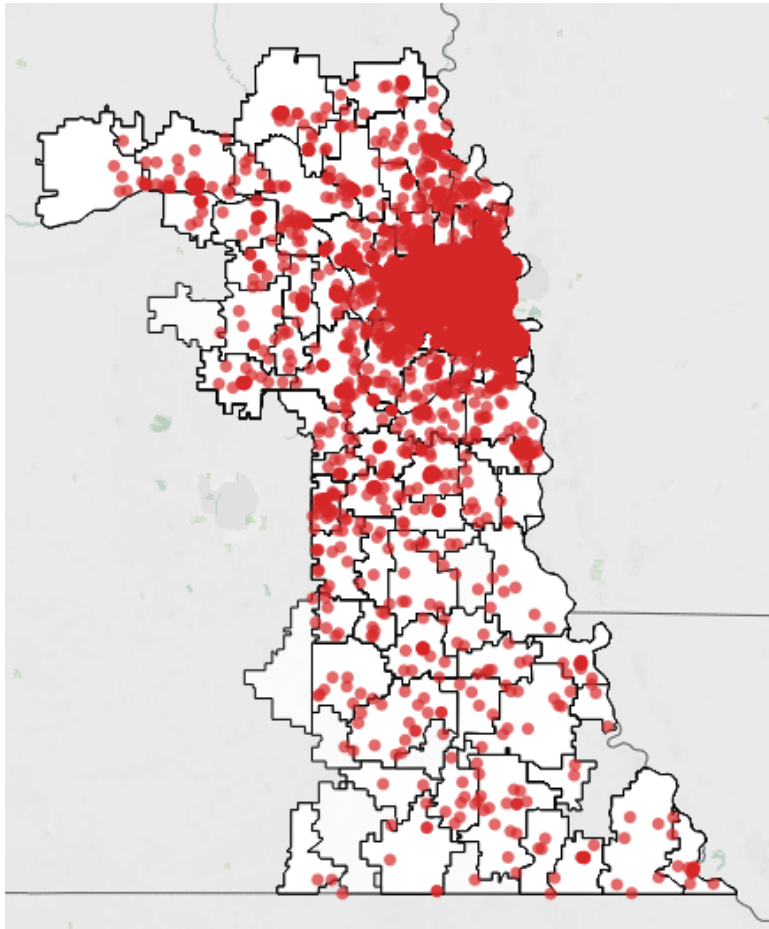


Average Electric Burden by Zip

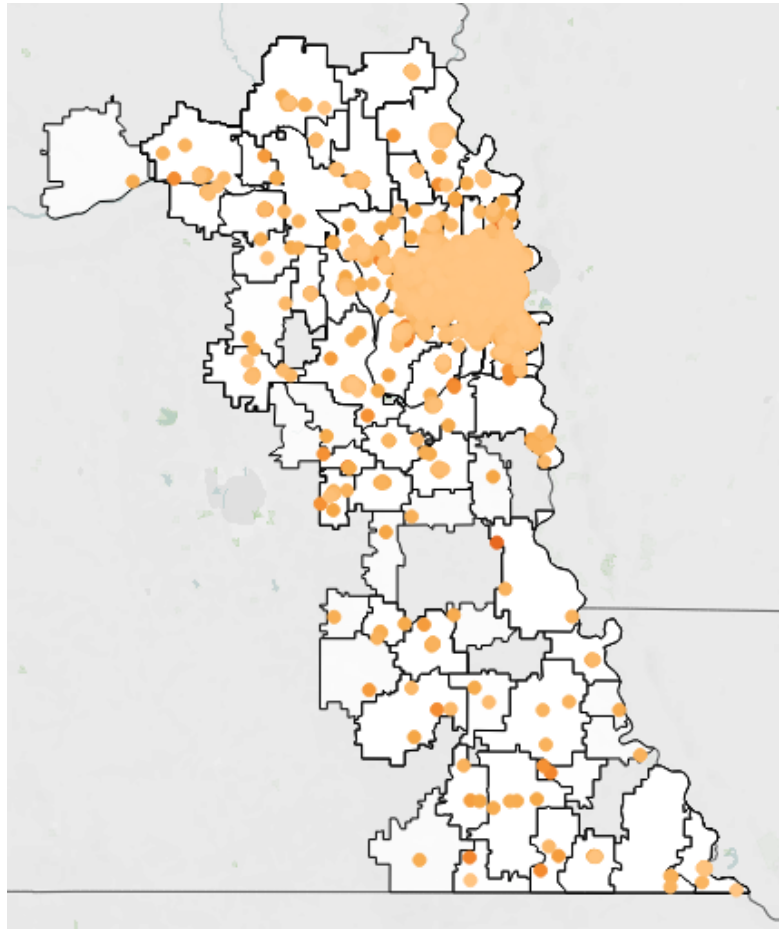


Assistance Trends

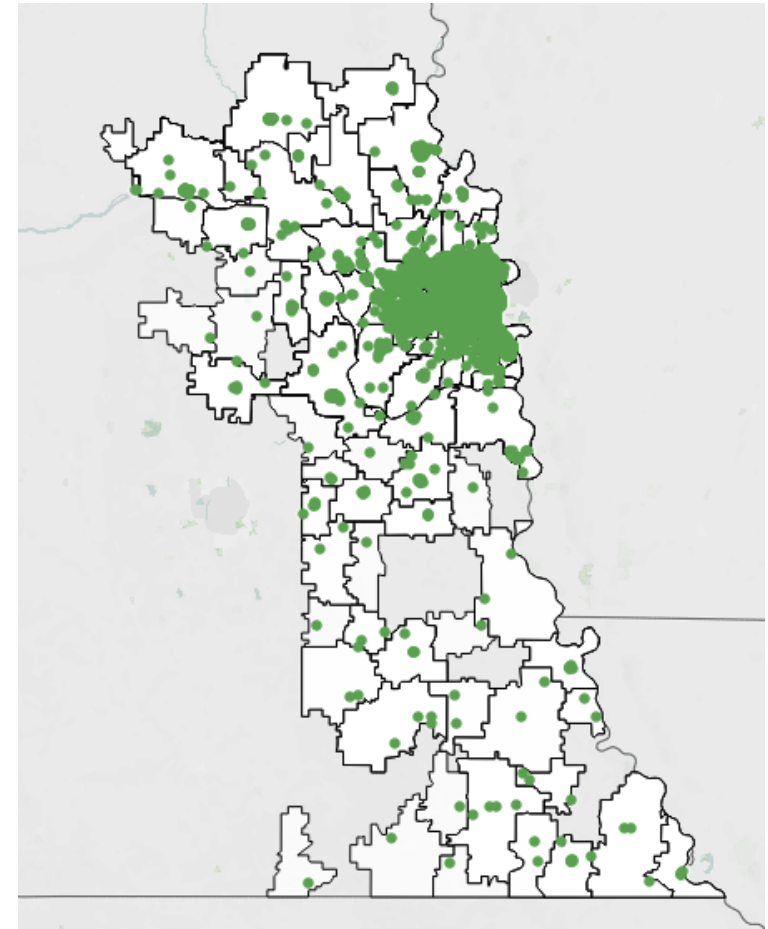
3+ Disconnect Notices



Energy Assistance Payments



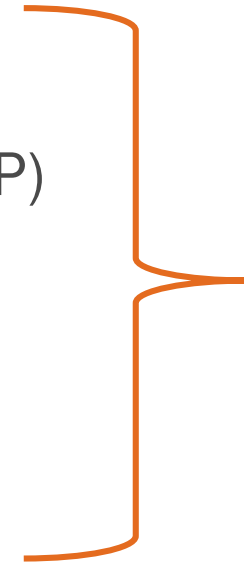
LIHEAP Eligible



Current State

- Energy Assistance Program (EAP)
- Low Income Home Energy Assistance Program (LIHEAP)
- **Customer Assistance Program Pilot**
- Pay Plan
- Gift of Energy
- Payment Installment Program

- Energy Efficiency Assistance Program (EEAP)



Addresses Bill
Payment Options



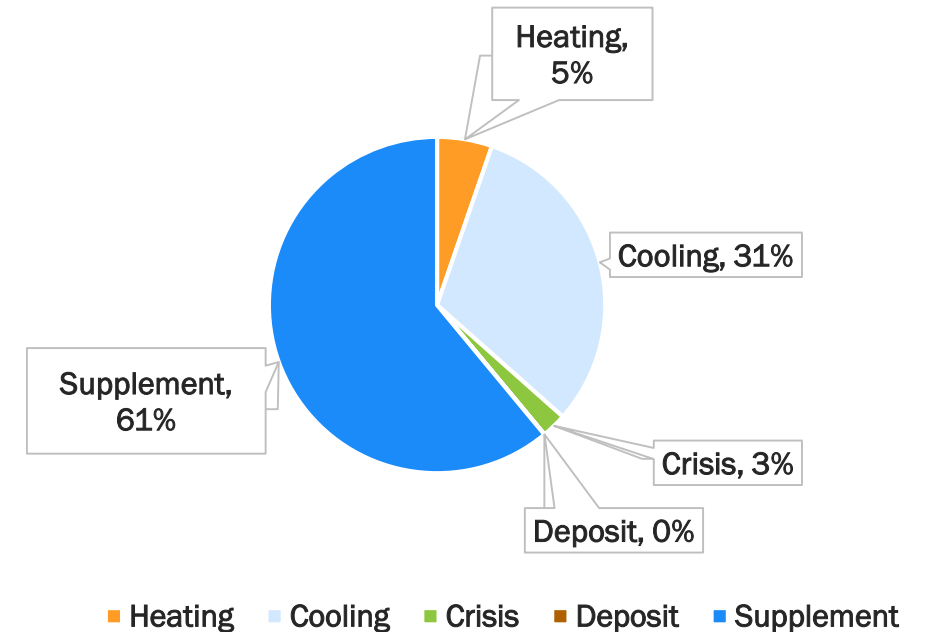
Addresses Energy
Usage

Energy Assistance July 2022 YTD

Funding Source	July 2022 YTD	Average Benefit	Distinct Accounts	# of Payments	2021 Year End Total
Energy Assistance Program	\$203,871	\$318	642	642	\$261,850
LIHEAP	\$7,862,339	\$404	8,376	19,440	\$5,048,322
Other Agencies Assistance	\$2,394,503	\$318	6,131	7,524	\$3,285,045
Total	\$10,460,713	\$379	13,809	27,606	\$10,096,726 *

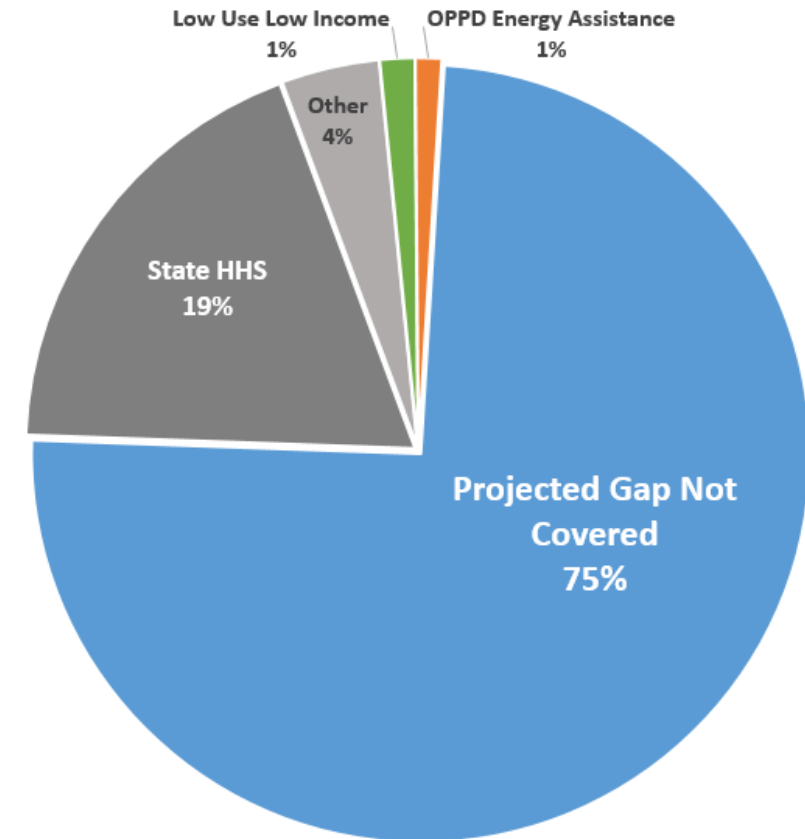
*OPPD had distributed \$1,501,509 in COVID-19 Utility Assistance benefits to 3,940 distinct customers in 2021. If a new OPPD energy assistance program is launched in 2022 the funding source chart will be updated accordingly. These funds are reflected in the year end total for 2021.

LIHEAP Distribution



Coverage of the Electric Energy Burden Gap with Current Assistance Programs

- An estimated 25% of the projected \$25 million Electric Energy Burden Gap is covered through current assistance programs
- The availability of federal assistance funding has the most significant impact on Electric Energy Burden Gap since it typically accounts for 80% of the assistance applied to customer accounts
- OPPD's Energy Assistance Program is 100% funded through donations and traditionally only accounts for 1% of projected gap and 4.3% of all assistance



Note:

- Assistance program percentages are based on a 5 year average
- 2020 CARES Act funding not included since this was a one-time program

Customer Assistance Program Overview

Product Description:

Provide financial assistance in the form of a monthly bill credit for households within the 13-county OPPD service area. Designed to reduce a customer's electric burden to a more affordable level. Prevent service loss and the threat of disconnection.

Business Value

- Arrears management
- Reduction in operating expenses
- Increase Customer Satisfaction
- Promotes conservation

Customer Value

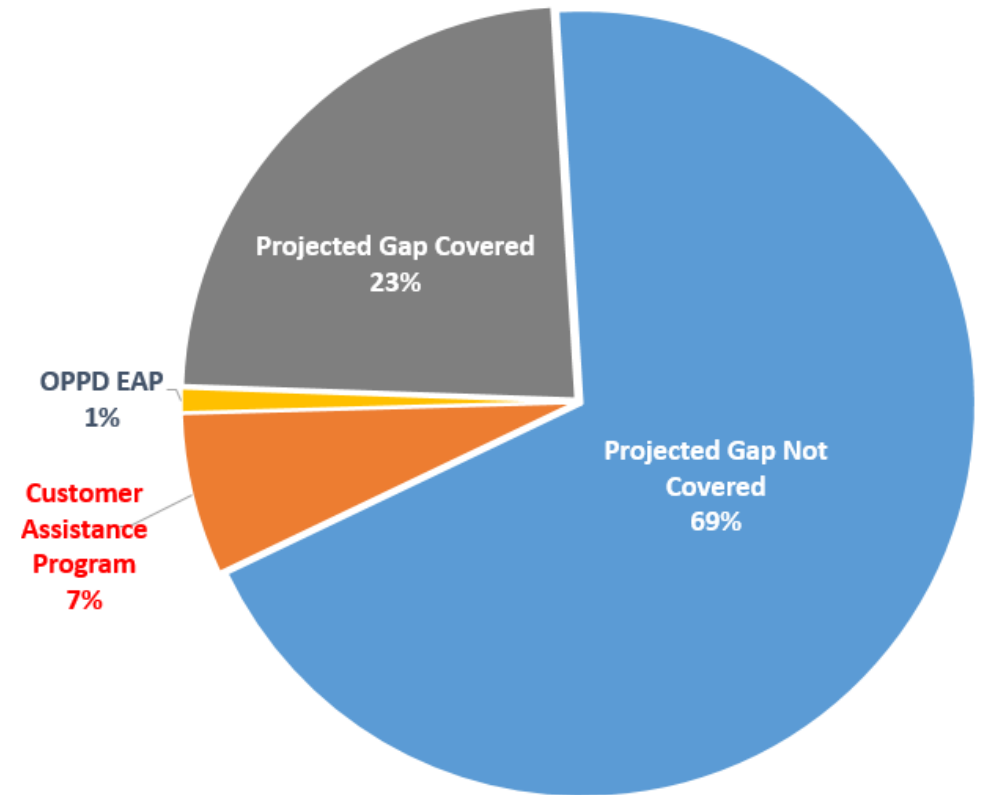
- Reduced energy burden
- Bill-pay behavior change
- Reconnect/collection fee mitigation
- Current standing with utility

Community Value

- Part of the solution to address utility affordability
- Innovative solution by providing reliability
- Housing security

Coverage of the Electric Energy Burden Gap with CAP

- Pilot budget amount is \$1.2 million annually
 - 80% of the gap exists among OPPD customers in poverty (100% of the FPL).
- Determine if a Customers Assistance Program (CAP) is a viable investment through monitored program outcomes and value
- Full program investment would cost \$5 million annually



Customer Assistance Program (CAP) Pilot

Program Requirements

- Household income must be at or below **100% of the Federal Poverty Level (FPL)**
 - Households must apply and verify income
 - Households will recertify their income their income annually.
- Fixed **monthly credit based on income** (\$40 or \$30) to assist eligible income qualified customers
 - OPPD will cap enrollment at any given time to 4,000 customers during the pilot
- **On-time payment required**
 - Customers in arrears will be dismissed from the program
 - Customers can reenter the program after six months after dismissal

Application Process & Review

- Customer can apply **On-Line**, through a local **Partner Agency**, or **by Phone**
- Provide required documentation

Submit

- **Dollar Energy Fund** reviews documentation and makes eligibility decision based on customers account information with OPPD

Review

- Eligible customers are enrolled **automatically**
- Customers must **pay** their bill to continue participation.
- Must **recertify** annually.

Enrolled

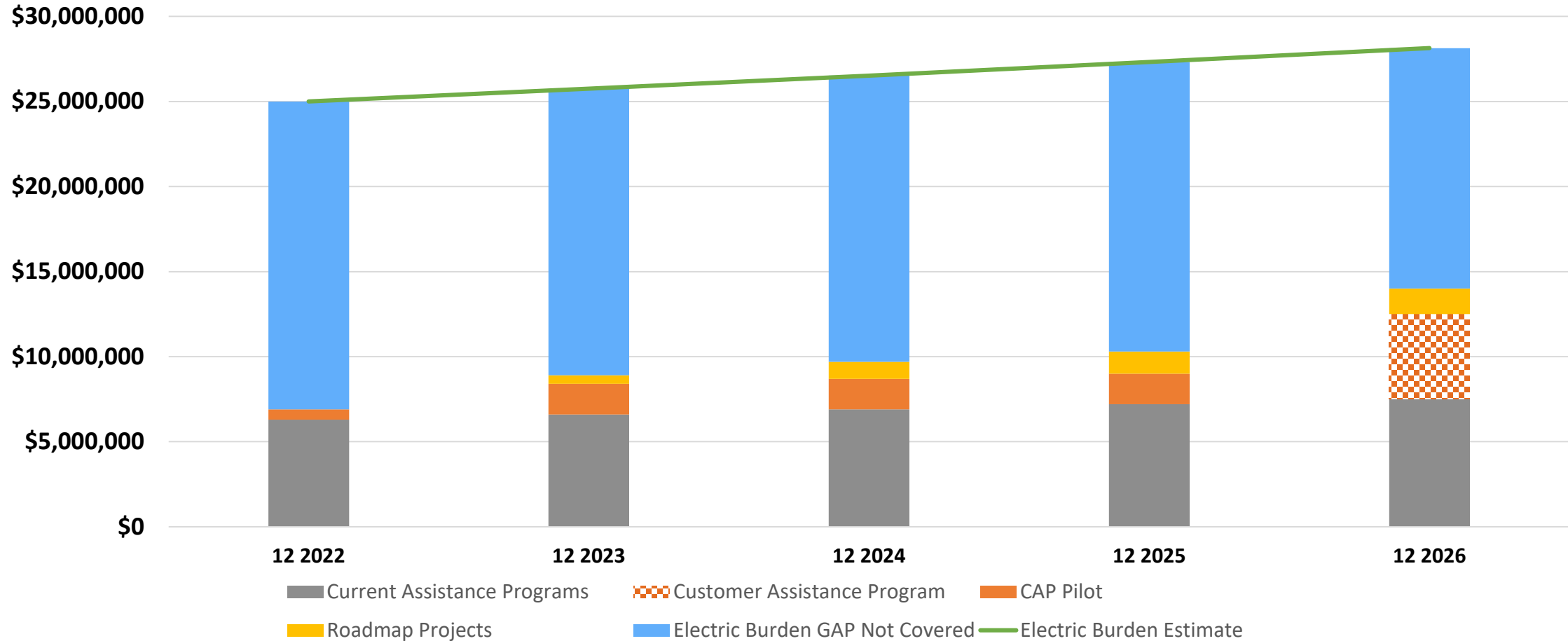
For more information and to apply visit: [OPPD.com/EAP](https://www.oppd.com/EAP)

CAP Pilot Goals & Projections

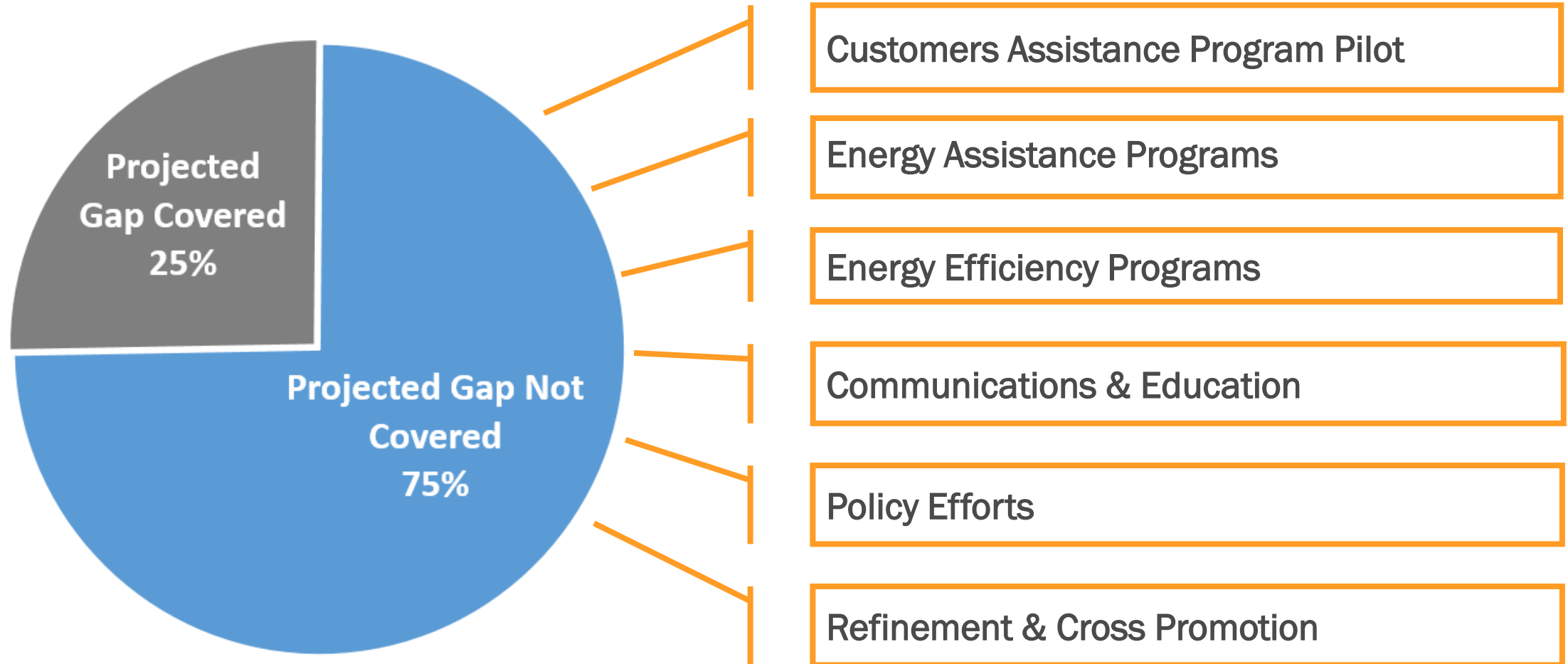
Product Goals

- 60% Customer Retention Rate
- 3,000 Customer Sign-Ups completed by December 31st
- 4,000 Customers Sign-Ups by end of 1st quarter 2023[†]
- 25% Reduction in residential customers more than 90 days past due
- 15% Reduction in residential customers more than 30 days past due
- 25% Decrease in residential customers contacts for participants

Electric Burden GAP Projections



Energy Burden Solutions Roadmap





Q&A





Appendix Slides



Industry Research Recap

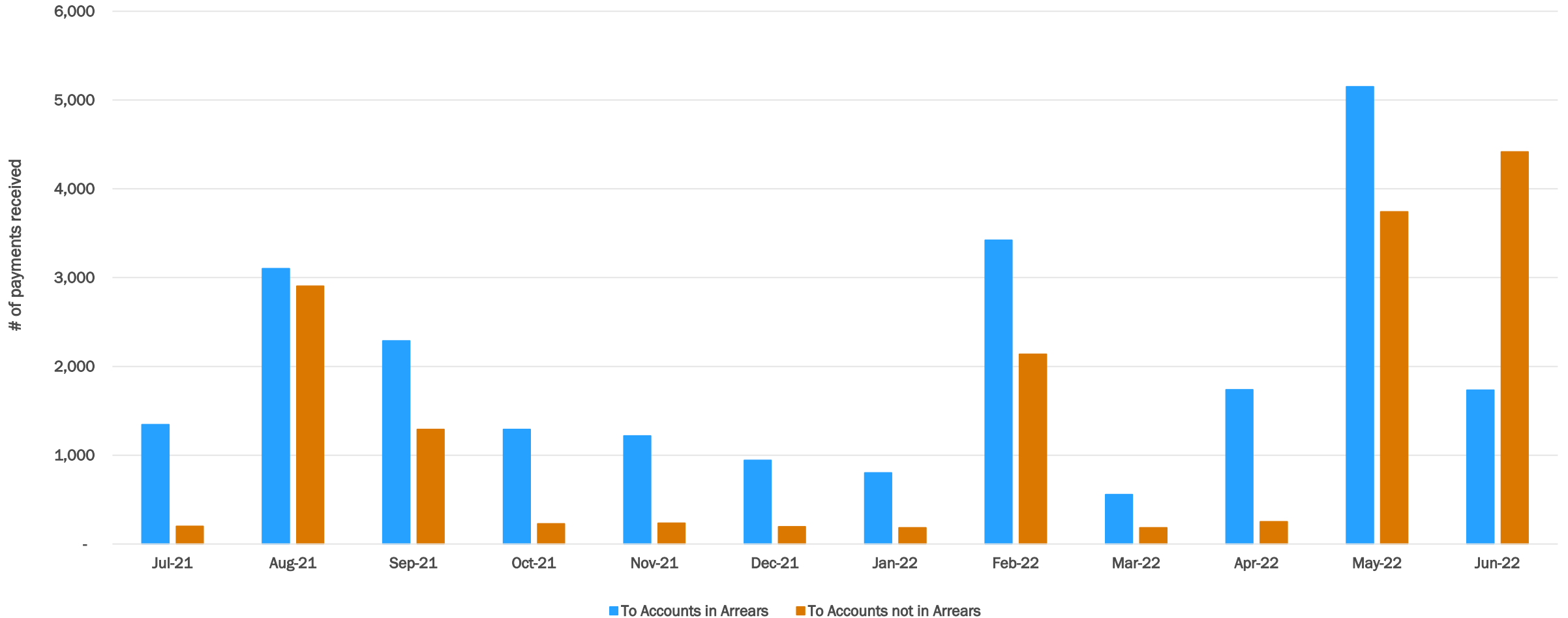
- Deep-dive, customer-level analysis to understand what's driving energy burden is not common in the industry
- Program design is tailored to State and Local regulatory environment
- Utilities are offering solutions beyond one-time energy assistance programs to reduce customer energy burden



*See appendix for other utility program concepts

Impact of Assistance – Arrears

EA Payments to Accounts in Arrears vs Not in Arrears



Energy Burden Analysis

- In-depth analysis to gain a better understanding of our customer-base
- Identified opportunities, correlations, validate assumptions and misconceptions
 - Impact of OPPD's energy assistance solutions
 - Demographic characteristics that have a larger impact on our customers' ability to pay
 - Dashboard tool to better understand customer behaviors at the zip code level
- Data quality assumptions:
 - Income is modeled to the customer using census data
 - Energy Burden and findings will vary as all-electric customers will have different electric energy burden thresholds (in the analysis all customers were treated the same)
 - Limited analysis to electric burden only

Key Findings across Service Territory

56%

Renters have a 56% higher electric energy burden than home owners

2x

Customers living in homes built pre-1980 have an electric energy burden 2x high than homes built post-1980

5x

LIHEAP eligible Customers have electric energy burden 5x higher than non-low income households

4x

Low Income Customers (200% of the FPL or less) have an electric energy burden over 4x higher than that of non-low income households

Data is representative of customers across OPPD's entire 13 county service territory.